



# Bridges Weekly Trade News Digest

*Weekly trade news from a sustainable development perspective*

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## LEAD STORIES

### WTO Delegates Decry 'Gap' between Talk and Action on Eve of Summer Break

WTO Director-General Pascal Lamy set out an ambitious autumn schedule for technical work in the Doha Round trade talks in two addresses to delegates just before the organisation breaks for its annual August holiday. But many officials were quick to point out the 'mismatch' between strong ambitions for the talks at the political level and a lack of progress in the negotiations in Geneva.

Several political statements on the Doha Round have emerged recently, including from the G8+G5 summit that was held in L'Aquila, Italy (see Bridges Weekly, 15 July 2009, <http://ictsd.net/i/news/bridgesweekly/50639/>), from a meeting of Asia-Pacific trade ministers in Singapore (see Bridges Weekly, 22 July 2009, <http://ictsd.net/i/news/bridgesweekly/51304/>), and from a meeting of minister from the Cairns group of in Bali last month (see Bridges Weekly, 10 June 2009, <http://ictsd.net/i/news/bridgesweekly/48343/>).

All of those statements called for a prompt conclusion of the Doha Round of trade talks, which are now in their eighth year; the G8+G5 statement set the end of next year as a deadline for the conclusion of a global trade deal.

So far, though, many delegates say that the high-level proclamations have failed to produce any true progress in the negotiations back at the WTO's headquarters in Geneva. Speaking to a meeting of the WTO's Trade Negotiations Committee (TNC) on Friday, Australian ambassador Peter Grey lamented what he called a "marked and embarrassing gap" between recent high-level statements and the actual progress that has been made in the talks.

Several other delegations echoed that sentiment. Mauritius, addressing the TNC on behalf of the African, Caribbean and Pacific (ACP) group of countries, warned that the 'mismatch' between political statements and technical progress in the talks risked creating a credibility deficit for the WTO. In a similar vein, India's ambassador to the WTO, Ujal Singh Bhatia, decried what he called a "continuous deferment of real engagement" in the negotiations, according to a report in India's Business Standard. Speaking to a meeting of the WTO's General Council on Tuesday, the ambassador said the lack of progress undermined the goal of concluding the Round by the end of next year. Costa Rica, backed by several other delegations, said the 2010 deadline for a Doha deal was not realistic given the current state of the talks.

But the representative of the Brazilian delegation took a somewhat sunnier view. While acknowledging that delegates "have not achieved any significant forward movement" in the talks, the official cautioned against excessive pessimism. "This is not an easy process and it may take some time; but not so much time that would force us to miss the 2010 deadline drawn by many of our leaders," the official said. Other delegations backed Brasilia's appeal, calling the 2010 date 'an urgent target'.

Addressing the General Council on Tuesday, Lamy said that at Friday's meeting of the TNC he had sensed there was "unanimous agreement" among delegations that if the Doha Round is to be completed by the end of next year, high-level political pronouncements must be translated into "tangible progress in the negotiations." And he added that he felt negotiators were up to the task. "There was also strong support for the process set out in the detailed road maps and for the need for all participants to be ready to work intensively in the autumn," Lamy said of the delegates' reactions at the TNC meeting. "The message was 'all hands on deck'."

"Everyone said they were willing to pull up their socks" and get to work, one developed country trade official said on Wednesday. Despite some of the negative statements that were put forward, all of the delegations seemed to support Lamy's

statement, the official added. "Generally, people are ready to get going," he said.

Lamy's statement to the TNC included a snapshot of the state of play in all of the main negotiating areas in the Doha Round talks, including industrial goods, agriculture, services, rules, trade facilitation, environmental goods, and intellectual property. He outlined persistent areas of disagreement, highlighted issues on which solid progress had already been made, and called on delegates to return from their summer holidays ready to work intensively to close the remaining gaps in the talks. "It will be important that delegations signal their 'big ticket' items but that they equally refrain from 'hostage-taking' behaviour," Lamy told the delegates on Tuesday.

The negotiations on agriculture and non-agricultural market access (NAMA in WTO parlance), are important, Lamy said, but other negotiating committees will need to achieve a "commensurate level of certainty" if the Doha Round 'single undertaking' — the notion that nothing is agreed until everything is agreed — is to be achieved. "We have to ensure that the whole caravan moves forward together and arrives on time," Lamy said.

As WTO headquarters begin to empty out for the organisation's summer break, delegates are looking ahead to a meeting of trade ministers that is set to be held in New Delhi from 3-4 September. That gathering, which will have the Doha Round as its focus, is intended to provide direction for the G20 summit of heads of state that the United States is hosting in Pittsburgh later that month.

"Pittsburgh will be the crunch moment," India's Bhatia told reporters after the meeting, Reuters reported.

### **Additional information**

To read the full text of Lamy's remarks to the TNC, please click [here:](http://www.wto.org/english/news_e/news09_e/tnc_dg_stat_24jul09_e.htm)  
[http://www.wto.org/english/news\\_e/news09\\_e/tnc\\_dg\\_stat\\_24jul09\\_e.htm](http://www.wto.org/english/news_e/news09_e/tnc_dg_stat_24jul09_e.htm)

To read the full text of Lamy's remarks to the General Council, please click [here:](#)

[http://www.wto.org/english/news\\_e/news09\\_e/tnc\\_chair\\_report\\_28jul09\\_e.htm](http://www.wto.org/english/news_e/news09_e/tnc_chair_report_28jul09_e.htm)

ICTSD reporting; “Weak strategy by WTO members worries India,” THE BUSINESS STANDARD, 29 July 2009; “WTO negotiators attack words and deeds mismatch,” REUTERS, 24 July 2009.

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## ECOSOC Meeting in Geneva Tackles Global Public Health

The United Nations Economic and Social Council (ECOSOC), one of the principal organs of the United Nations, recently held its Annual Ministerial Review (AMR) from 6-9 July. The gathering focused on meeting global public health objectives, with the ultimate aim of achieving the Millennium Development Goals (MDGs). During its General Segment, which runs from 23 – 30 July, ECOSOC addressed further health related matters, particularly HIV/AIDS.

Many member states noted that the combined impacts of the food crisis, climate change, and the ongoing economic crisis had severely impeded the progress of many developing nations towards their MDG targets. Members also cited the outbreak of the H1N1 pandemic as indicative of a need for greater collaboration in the health sector. In light of these developments, UN Secretary-General Ban Ki-moon called for international cooperative, multi-sectoral approaches to public health in his opening address at the AMR.

With the MDG deadline set for 2015 and the international community very far behind on its development targets thus far, participants were hopeful that a declaration from the ministerial meeting would provide further momentum to facilitate the achievement of member nations’ public health goals.

In this regard, the Ministerial Declaration that was adopted on 9 July after extended discussion reaffirmed the commitment to the achievement of the internationally agreed development goals, including the MDGs, in particular those related to health. It noted that the economic crisis is “undermining, by slowing or reversing, the

development gains of developing countries.” Participants also cited climate change as a particular threat to health in “the least developed countries (LDCs), landlocked developing countries, small island developing states and countries in Africa.”

The declaration also called for the “fulfilment of all development assistance related commitments,” reminding developed countries of their contribution goals and recognizing that more aid needs to be “targeted towards the health sector.” Participants noted that existing investments in health had yielded positive results in the fight against HIV/AIDS, malaria, and tuberculosis, especially when coupled with effective partnerships and well-coordinated UN programmes. However, member states also pointed out that these gains in the health sector had largely benefited the most affluent countries.

Developing countries underscored the importance of ensuring that intellectual property rules are supportive of access to medicines. The Group of 77 and China emphasised that patent holders should not “seek to restrain and unreasonably impose measures that affect the supply chain of medicines and transfer of technology relating to health products.”

In a special ECOSOC event on Africa and the least developed countries, the representative of the International Federation of Pharmaceutical Manufacturers and Associations (IFPMA), underlined that the research-based pharmaceutical industry is increasing its involvement in Africa. He pointed to the significant contribution made by the pharmaceutical industry towards helping achieve the health-related UN Millennium Development Goals.

The ministerial declaration reaffirmed the right to use “to the full” provisions contained in the WTO’s Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), the Doha Declaration on the TRIPS Agreement and Public Health and the 30 August 2003 decision on the implementation of paragraph 6 of the Doha Declaration, which provide flexibilities for the protection of public health, and, in particular, to promote access to medicines for all. The Council also called for a “broad and timely”

acceptance of the amendment to Article 31 of the TRIPS Agreement, which will strengthen the use of these flexibilities.

In an indirect allusion to the recent cases of seizures of generic medicines in transit in a number of developed countries, the declaration adopted by the Council also encouraged “all states to apply measures and procedures for enforcing intellectual property rights in a manner so as to avoid the creation of barriers to the legitimate trade of medicines and to provide for safeguards against the abuse of such measures and procedures.”

In this context, India had requested that countries respect the concept of “territoriality” outlined in the TRIPs Agreement so as not to hinder legitimate trade and thus disrupt progress in the health sector.

Finally, the declaration also encouraged stakeholders and international organisations to support the wide implementation of the WHO’s Global Strategy and Plan of Action on Public Health, Innovation and Intellectual Property, adopted in May 2008, which seeks to establish new thinking and a sustainable framework for “essential health research and development relevant to diseases which disproportionately affect developing countries.”

During its General Segment, ECOSOC delegates also discussed the work of UNAIDS. The Council asked that governments promote access to safe and effective antiretroviral drugs at affordable prices, while urging UNAIDS and other UN agencies to strengthen their support to governments dealing with HIV/AIDS.

ICTSD reporting; “ECOSOC Calls For Intensified Efforts On Public Health And Use Of TRIPS Flexibilities,” IP WATCH, 16 July 2009; “ECOSOC Adopts Resolutions on Digital Divide, HIV/AIDS, But Hurdles Remain,” IP WATCH, 29 July 2009.

## IN BRIEF

### EU Foreign Ministers Approve Ban of Seal Products

EU foreign ministers agreed to ban the import of seal products at a meeting on Monday, amid pressure from domestic constituents. The ban is a victory for animal rights groups but has drawn strong criticism from Canada, which believes the embargo on seal imports violates international trade rules. Canada’s annual seal hunt is the largest in the world and is an integral part of some coastal Canadian economies, generating US\$ 2.4 million per year.

The ban would apply to all goods that contain seal products, such as fur, meat, and omega-3 diet supplements made from seal oil. However, the regulation contains an exemption for seal products produced from the traditional hunts of Inuit communities in Alaska, Canada, Greenland, and Russia. The law also creates an exemption for non-commercial hunts to control seal populations, but products derived from these hunts are not allowed to enter the EU. The ban does not prohibit shipment of seal products through EU member countries.

No countries voted against the proposal in Monday’s meeting, although Denmark, Romania and Austria abstained. Austria said that it wants to see even tougher regulations on seal products. The EU parliament voted 550-49 to pass the ban in May (see Bridges Weekly, 20 May 2009, <http://ictsd.net/i/news/bridgesweekly/46965/>).

The announcement of the vote drew a quick reaction from Ottawa, which says the ban is unwarranted and plans to raise the issue with the WTO’s Dispute Settlement Body (DSB). Canada will request consultations at the DSB, a step that will initiate bilateral consultations on the matter. If those talks fail to produce a resolution after 60 days, Ottawa will have the right to launch an official appeal, asking the international trade court to rule on the issue.

On the eve of the EU vote, Canada’s trade minister, Stockwell Day, and fisheries and oceans

minister, Gail Shea, urged the EU ministers to reject the ban. "Canada's seal hunt is lawful, sustainable and humane, and the Government of Canada has worked hard to defend Canada's position internationally over the last few years," they said in the statement issued on Sunday.

"Canada has clearly lived up to its obligations, and our position remains that any ban on a humanely conducted hunt such as Canada's is completely without cause," they added.

Day and Shea accused the EU of pandering to political pressure. Lobby groups make emotional appeals by incorrectly portraying white coat seal pups as the targets of the hunt, Shea explained, but these animals have not been hunted in Canada for two decades.

"And it is [in] our view inappropriate that a trade decision is taken which is not based on the science," Day said. "We want it made very clear that there should be a clause which reflects any country that is following the humanitarian, scientific and environmental guidelines established by the EU themselves, should in fact be exempted from this particular ban."

The EU doesn't deny that the ban was driven by public demand. "The legislation was proposed because we had received tens of thousands of letters from concerned European citizens about the way the seals were killed," EU spokeswoman Barbara Helfferich told Canada's CBC News. "We have always argued that the killing methods must be humane."

Animal rights groups are pleased with the result. "There is a wonderful sense of accomplishment today after years of hard work," said Lesley O'Donnell, Director of the International Fund for Animal Welfare's EU office. "We expect commercial sealing to continue its inevitable decline until it is wiped out once and for all." ICTSD reporting; "Canada to launch protest against seal product ban," CTV, 27 July 2009; "Seal product ban approved by EU," CBC NEWS, 27 July 2009.

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## US, France Face Criticism on Border Tariff Proposals

The US and Europe are struggling to flesh out their respective climate change strategies ahead of an international climate summit in Copenhagen at the end of the year. Carbon tariffs - duties that countries would place on imports from nations that do not sign on to a global climate deal - have emerged as a particularly contentious point in debates on both sides of the Atlantic.

In a letter to the Senate leadership last week, US business groups warned that such border tariffs, which were included in a climate bill passed by the House of Representatives last month, could alienate US trading partners and ultimately trigger a 'green trade war'. The Emergency Committee for American Trade, the National Foreign Trade Council, the United States Chamber of Commerce, and the United States Council for International Business penned the letter, which comes as the Senate prepares to vote on its own bill to regulate US GHG emissions.

"We are concerned that some provisions contained in [the bill], such as those creating the international reserve allowance program and permitting tariffs or 'border measures' on carbon-intensive imports, are highly inflexible, and likely to conflict with obligations the United States has undertaken in international trade agreements," the letter read.

The 'border measures' written into the House bill would allow the president to place duties on manufactured goods from countries that fail to regulate GHGs by 2020. Some US lawmakers say that the tariffs are necessary to protect domestic industry, which will likely take a hit from the new emissions regulations. But countries like China and India say the proposed duties are nothing more than a thinly disguised form of protectionism (see Bridges Weekly, 15 July 2009, <http://ictsd.net/i/news/bridgesweekly/50636/>).

Europe is also sensitive to accusations of trade protectionism in the context of climate change. EU environment ministers meeting in Stockholm, Sweden this week attacked a French proposal for the EU to adopt similar carbon tariffs.



Swedish Environment Minister Andreas Carlgren criticised the proposal and called on his fellow EU ministers to reject it. "We are absolutely against each try to make use of green protectionism," Carlgren told Reuters. "There should be no threat of borders, of walls or barriers for imports from developing countries."

Germany's State Secretary for the Environment, Matthias Machnig, also denounced the French proposal, calling it "a new form of eco-imperialism."

"We are closing our markets for their products, and I don't think this is a very helpful signal for the international negotiations," he added.

But France believes the border tariff provisions could help level the playing field for European companies that compete with goods manufactured in countries without carbon restrictions, according to a statement from French President Nicolas Sarkozy's office last month. Paris proposed the idea as mechanism to control GHG emissions if parties fail to reach an agreement in Copenhagen. The ministers are trying to develop a common strategy on global warming ahead of the summit in Copenhagen in December.

The US and EU expect to butt heads with emerging economies like China and India, who have strongly indicated that they will not accept hard limits on GHG emissions.

"We have to have something in place if there is a need," France's environment minister told AFP.

ICTSD reporting; "Germany Calls Carbon Tariffs 'Eco-Imperialism,'" REUTERS, 27 July 2009; "Carbon Tariff Provisions Stoke Debate in the U.S. and Europe," CBS NEWS, 27 July 2009; "EU ministers shun French carbon tariff proposal," AGENCE-FRANCE PRESSE, 24 July 2009; "Energy Companies Opened Wallets Wide to Sway House Climate Bill," THE NEW YORK TIMES, 23 July 2009.

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## Mercosur Leaders Urge Shift away from US Dollar, Call for Patent-Free Flu Drugs

Presidents representing the member countries of Mercosur, the South American trade bloc, gathered for a summit last week in Asunción, Paraguay to discuss trade, regional integration and public health.

The meeting's agenda included various proposals to further the trading bloc's goals of free trade and economic integration within the Mercosur bloc, which includes Argentina, Brazil, Paraguay and Uruguay. Bolivia, Chile, Colombia, Ecuador and Peru are associate members of the group, and Venezuela has an active bid to join (see Bridges Weekly, 11 July 2007, <http://ictsd.net/i/news/bridgesweekly/7844/>).

On the integration front, the leaders agreed on a proposal to replace the US dollar with their own currencies in inter-regional trade transactions. The move allows "more independence from the dollar and less tension in financial markets of both countries," said Argentine Economy Minister Amado Boudou, according to a report in the Wall Street Journal.

The system would extend to all members the initiative that Argentina and Brazil began in 2008 to de-link their currencies from the US dollar in bilateral trade transactions. This plan is the latest in an effort led by Brasília and Buenos Aires to open cross-border trade; earlier this year they expanded a credit line for trade operations, and their central banks recently established a currency swap worth the equivalent of US\$ 1.8 billion, which has yet to be signed.

In another move to promote cross-border trade, the bloc signed an agreement to strengthen economic ties with South Korea by creating a joint advisory group to promote trade, exchange information, and identify common interests between the new partners.

## Swine Flu Vaccine: Call for Patent Rights Exception

Turning their attention to health matters, the presidents of Argentina and Brazil urged that patent rights be waived for the H1N1 flu vaccine for developing countries, citing a provision in the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights that provides for flexibility in matters of public health.

Argentine president Cristina Fernández de Kirchner stressed in a speech that both her country and Brazil have the capacity to produce the drug, and that exercising patent rights for economic benefit in this case "would condemn millions of people to death."

Earlier this month in Buenos Aires, health ministers raised concerns that vaccines expected to be available this autumn were pre-destined for the US, EU, Australia and other rich nations.

"The manufacture of these products should be facilitated to the greatest possible number of centres," the trading bloc's statement said, so that all governments -- of both developed and developing nations -- may meet the needs of their people.

Argentina has already recorded 165 swine flu deaths, second only to the US, where 263 people have died of the illness when Bridges went to press.

Leaders also condemned the coup d'état against the government of Honduras and expressed full support of ousted President Manuel Zelaya, issuing a statement refusing to recognise the legitimacy of the interim Honduran government. Paraguayan President Fernando Lugo told participants that the coup reveals the fragility of democracies in Latin America.

ICTSD reporting; "Plan: No More Dollar in Deals Between Brazil and Mercosur Partners," BRAZIL MAGAZINE, 23 July 2009; "Mercosur urges patent-free swine flu treatments," AFP, 25 July 2009; "2nd UPDATE: Argentina, Brazil Question Swine Flu Vaccine Patents," DOW JONES, 24 July 2009; "Mercosur's 37th Summit: Summit concludes with a step forward," BUENOS AIRES HERALD, 27 July 2009; "Mercosur signs trade agreement with S Korea," XINHUA, 25 July

2009; "Mercosur Summit Denounces Honduras Regime," NASDAQ, 27 July 2009

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## WIPO High-level Forum Highlights Opportunities and Challenges for LDCs

A high-level forum on intellectual property for least developed countries (LDCs) was held at the World Intellectual Property Organization (WIPO) on 23 and 24 July. During the two-day meeting, ministers and senior officials exchanged views on obstacles and possible solutions facing the greater use of IP for wealth creation and development in LDCs.

In this context, ministers from Bangladesh, Benin, Cambodia, Djibouti, Ethiopia, Lesotho, Madagascar, Maldives, Mali, Nepal, Rwanda, Senegal, Tanzania, and Uganda shared their individual country experiences and perspectives on the challenges facing their countries in this area. Many emphasised the need to protect the rich traditional knowledge, traditional cultural expressions and genetic resource that abound in LDCs.

In a Ministerial Declaration adopted at the end of the meeting, LDCs reaffirmed their commitment to the integration of intellectual property (IP) and innovation strategies in their national development planning. The countries urged WIPO to intensify its capacity-building assistance and appealed to development partners to provide more funds for LDC-specific projects. The declaration also called on WIPO to provide assistance in protecting traditional cultural expressions, to help in branding exportable products from LDCs that can be protected by geographical indications or trademarks, and to assist in promoting public-private partnerships and the commercialisation of research products from LDC universities.

The meeting also saw the launch of WIPO's new Access to Research for Development and Innovation (aRD<sub>i</sub>) initiative, a public-private partnership programme with leading science and technology publishing companies. It aims to provide free access to selected online scientific

and technical journals to IP offices, universities and research institutes in 50 least developed countries, and to allow industrial property offices in 57 developing countries to gain low-cost access to these journals.

The initiative is being implemented by WIPO in partnership with a number of prominent science and technology publishers including the American Institute of Physics, Elsevier, John Wiley & Sons, National Academy of Sciences, Oxford University Press and the Royal Society of Chemistry. Publications will be available at least for the time span of the UN's Millennium Development Goals – until 2015.

“Access to the knowledge contained in scientific and technical literature is critical to the innovation process,” WIPO Director-General Francis Gurry said at the programme's launch.

The aRDi initiative is in keeping with the increased priority WIPO, under the new Director General, has given to constructing a “global knowledge infrastructure” to provide developing countries with greater access to databases of technological and scientific information. One of the recommendations of the WIPO Development Agenda requested that the organisation “develop agreements with research institutions and with private enterprises with a view to facilitating the national offices of developing countries, especially LDCs, as well as their regional and sub-regional intellectual property organisations to access specialised databases for the purposes of patent searches.”

In a departure from WIPO's growing openness to civil society participation, nongovernmental observers were not invited to participate in the forum. The United Nations Conference on Trade and Development (UNCTAD), which served as the United Nations focal point for past UN LDCs conferences, was also absent from the programme. A week earlier, it had issued the 2009 LDCs Report.

Observers also pointed out that the Ministerial Declaration that emerged from the meeting makes no reference to exceptions, limitations, or flexibilities in IP rights. In recent years, there has been an increased focus on the importance of

such flexibilities for developing countries in general, and LDCs in particular, as such measures can help poorer countries ensure that intellectual property rights are supportive of their public policy objectives in areas such as access to medicines, access to knowledge and technology transfer.

ICTSD reporting; “LDCs Commit To Use IP for Development At WIPO; Use Of Exceptions, Flexibilities Omitted,” IP-WATCH, 27 July 2009.

## WTO IN BRIEF

### Brazil to Sue UK over Waste Shipment

Brasilia has threatened to launch a formal WTO complaint against the United Kingdom after discovering that 1,400 tons of waste that were mislabelled as recyclable plastic had been imported into Brazil from the UK.

"I'm surprised to learn that trash was improperly imported, with a false characterisation, from Britain into Brazil," Roberto Messias Franco, the head of Brazil's environmental agency, said in a statement.

"Brazil is not the world's dump," he said.

The WTO complaint will be based on the Basel Convention, an international treaty that has governed the cross-border movement of toxic waste since 1992, Brasilia said in a statement.

The waste, which arrived in 99 shipping containers at three Brazilian ports between February and May of this year, consisted of an assortment of household and clinical materials, including syringes, condoms, batteries, food scraps, cleaning products and used baby diapers, Brazilian media reported.

The source of the waste is still under investigation in the UK, but three men have been arrested in the area of Swindon, England, roughly 130



kilometres west of London, in conjunction with the case.

"The Environment Agency enforces the export of recyclable waste from England and Wales, and will not hesitate to prosecute any company or individuals found to have breached the strict laws on the export of waste," said Liz Parkes of Britain's Environment Agency.

"The United Kingdom has taken a strong global lead to stamp out the illegal waste trade, in order to protect people and the environment."

The British government has said it wants the waste returned to the UK for inspection and disposal, BBC News reported.

ICTSD reporting; "Brazil indignant over British waste imports," AGENCE FRANCE-PRESSE, 19 July 2009; "Brazil to denounce Britain to WTO after receiving hazardous waste shipment," ASSOCIATED PRESS, 23 July 2009; "UK waste prompts Brazil complaint," BBC NEWS, 24 July 2009.

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## **AP: US Wins in Media Dispute with China**

The US has mostly prevailed against China in a WTO Dispute Settlement Body (DSB) case regarding Chinese import restrictions on US entertainment, such as CDs, DVDs, books, and computer software, the Associated Press reported.

The confidential verdict was issued to Washington and Beijing last month and will be made available to the public on 12 August. The ruling finds that Beijing violated international trade rules by requiring US entertainment products to be sold or distributed through Chinese state-owned enterprises, according to the AP.

The case involved two types of legal issues. On the subject of trading rights, the US charged that China unlawfully restricted imports of US goods – films for theatrical release, audiovisual home entertainment products (DVDs and VHS movies), sound recordings, and publications – by requiring that the products be sold through Chinese

companies. Washington claimed these practices violated provisions of Part I of the Protocol of Accession and Article XI of the General Agreement on Tariffs and Trade.

On the subject of distribution services, Washington claimed that Beijing discriminated against US films by mandating their producers use Chinese distributors, a condition not required for Chinese movies. The US alleged that this practice violated Articles XVI and XVII of the General Agreement on Trade in Services.

But the case was not a complete victory for the US, the AP reported, as the judicial panel ruled partly in favour of Beijing on censorship rules that apply to US – but not Chinese – products.

ICTSD reporting; "U.S. gains ground in trade ruling on China," THE ASSOCIATED PRESS, 23 July 2009.

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## **WTO Farm Deal Would Open China's Markets Significantly, Study Finds**

A global trade deal at the WTO would lead to significant cuts in China's already-low agricultural tariffs, new ICTSD research shows.

As governments renew efforts to clinch a deal in the ongoing Doha Round of trade talks, the study shows that the draft accord would cut China's maximum permitted 'bound' farm tariffs by around one sixth – despite current rates already being one quarter of the average world tariff level. Because China's actual applied tariff levels are close to these bound levels, most cuts would translate directly into new market access for exporters.

"China is one of the least protected markets for agricultural products in the developing world," notes the author of the study, Professor Tian Zhihong of the China Agricultural University.

The study shows that tariff rates would be brought down to 13 percent from an initial average of 15 percent, after accounting for gentler tariff cuts for products deemed to be 'sensitive'

and for those considered important for food security and livelihoods. With 900 million people working in agriculture, and a growing income gap between cities and the countryside, China has emphasised the need to shield key products from cuts.

“China has set the pace in promoting the liberalisation of trade among WTO Members,” argues Tian. “There is therefore relatively little room left for further substantive concessions on special products that are important for food security, farmers’ livelihoods and rural development.”

China will also benefit from clauses permitting countries that have recently joined the WTO to cut tariffs by less – a key Chinese demand after gruelling accession negotiations slashed tariffs on 95 percent of the country’s products to below 30 percent.

As urban incomes in China are over three times higher on average than those in rural areas, the government has recently shifted from taxing agriculture to supporting it. The new draft text could constrain planned spending on cotton, and, if prices are high, on wheat. However, many other payments are likely to be exempt from cuts on the basis that they cause no more than minimal trade distortion.

“WTO regulations will be important factors affecting China’s agricultural policy-making,” the author notes.

The draft text could also reduce barriers to China’s exports – primarily to developed countries, where average tariffs facing Chinese exports would be cut by about one third, from 16 percent to 11 percent. Continued EU and Japanese protection for rice – one of China’s main exports – would probably mean little market access expansion for this product, although tariffs on other key exports such as vegetables could be cut by around one third.

The US has insisted that large developing countries such as China offer more market access for their exports before a draft WTO accord can be signed. Developing countries have argued that this would affect their food security and the

livelihoods of small farmers, especially while developed countries maintain extensive trade-distorting subsidies for their domestic producers.

The study is online in English and Chinese at: <http://ictsd.net/i/agriculture/50467/>. Other studies in the same series examine how a draft Doha farm deal could affect the EU, US, Japan, India, Brazil, Mauritius and Burkina Faso (in English / French).

ICTSD reporting.

The above-mentioned reports can be found at the following sites:

EU: <http://ictsd.net/i/publications/12745/>  
 US: <http://ictsd.net/i/publications/12743/>  
 Japan: <http://ictsd.net/i/publications/32340/>  
 India: <http://ictsd.net/i/publications/12747/>  
 Brazil: <http://ictsd.net/i/publications/33784/>  
 Mauritius: <http://ictsd.net/i/publications/33791/>  
 Burkina Faso – English: <http://ictsd.net/i/publications/35022/>  
 Burkina Faso – French: <http://ictsd.net/i/publications/34220/>

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## Lamy Reports Little Progress in IP Talks

WTO Members remain deeply divided on critical intellectual property issues in the Doha Round negotiations, WTO Director-General Pascal Lamy said on Monday at an informal consultation open to the entire Membership. Despite Lamy’s active involvement in the negotiations since March, Members remain at loggerheads over substantive matters, as well as over whether the current round of trade talks even has a mandate to address some of the intellectual property issues as part of the “single undertaking” of the Doha Round trade talks.

Two issues in particular have snarled discussions in the WTO’s Council of Trade-Related Aspects of Intellectual Property Rights (TRIPS): whether to extend to all products the strong level of protection that is currently accorded to geographical indications, known as GIs, of wines

and spirits; and whether the WTO's TRIPS Agreement should be amended to require patent applicants to disclose the origin of any genetic resources or traditional knowledge involved in their inventions, to show that they have received permission to use the materials and knowledge, and to demonstrate that they are sharing the benefits with the original owners.

Since March, Lamy has held four informal consultations with a select group of 17 WTO members –Argentina, Australia, Brazil, Canada, Chile, India, Egypt (for the African Group), the EU, Japan, New Zealand, Norway, Peru, Switzerland, Tanzania (for the least-developed countries or LDC group), and the United States – that represent the major sides in the debate. Relaying the results of those meetings to the entire membership on Monday, the director-general provided an 'unofficial snapshot' of the state of play in the TRIPS negotiations.

On the issue of geographical indications extension, Lamy reported that Members could not agree on whether the extension of the protections beyond wines and spirits is even necessary, let alone what form it should take. 'Geographical indications' identify the country or region where the quality, reputation or other characteristic of a product is essentially attributable to that region. Strong protection of GIs already exists for wines and spirits – such as Champagne, Bordeaux and Cognac – and the 'draft modalities' proposed by supporters of GI extension call for this protection to be extended to other products, like Basmati rice or Parma ham. But such a move is opposed by countries like Australia and the US, who have argued that many GIs have become generic or semi-generic product names widely used around the world.

On the 'disclosure' issue, Lamy reported that members agree that they must address the misappropriation of genetic material and traditional knowledge. However, they have failed to find consensus on whether that goal would best be reached through an amendment to the TRIPS Agreement requiring patent applicants to disclose the origin of any genetic resources or traditional knowledge involved in their inventions or through other approaches, such as contractual agreements and databases.

Despite the lack of progress in the talks, Lamy remains cautiously optimistic. "While the consultation process has not bridged the gaps that have long defined debate on these issues, I believe the gaps are better defined. Their contours are better illuminated," and "we must focus on what Members believe is practically achievable" Lamy told the WTO's General Council on Tuesday.

The issues, which have been hotly debated since the launch of the WTO's Doha Round of trade talks in 2001, have largely split the WTO Membership into two sides. In July of last year, a coalition of more than 100 developed and developing nations – including the EU, Brazil, India, many African countries, and Switzerland – put forward a set of 'draft modalities' that call for the Doha talks to include the extension of GI protection afforded to wines and spirits to all products, as well as an amendment to the TRIPS Agreement to address the 'disclosure' issue and make the accord compatible with the Convention on Biological Diversity (see Bridges Weekly, 16 July 2008, <http://ictsd.net/i/news/bridgesweekly/12791/>). But that group has been strongly countered by another coalition – whose members include Argentina, Australia, Canada, New Zealand and the United States – that has opposed these 'modalities' on substantive and procedural grounds.

Wrapping up his remarks, Lamy told delegates on Monday that there was a consensus that he should continue consulting with members on the subject. His next such meeting with the group of 17 countries will be held on 8 October.

ICTSD reporting.

## EVENTS & RESOURCES

### Events

#### Coming up: 30 July – 5 August

2-7 August, Veere, Zeeland, Netherlands. SUMMER SCHOOL ENERGY AND CLIMATE. This week-long conference, organised by WISE Amsterdam, is a summer school for young adults with an above average interest in the public debate on climate change and future energy supply. During one week, the participants will be educated on climate change and nuclear energy. Participants will talk and think actively about the problems and solutions, facilitated by leading scholars in the field. For more information, email [wisemc@antenna.nl](mailto:wisemc@antenna.nl) or visit <http://www.tegenstroom.nl/>.

4-6 August, Fairbanks, Alaska, US. SECOND CIRCUMPOLAR CONFERENCE ON GEOSPATIAL SCIENCES AND APPLICATIONS. This conference, organised by the United States Geological Survey (USGS), provides an opportunity to discuss issues and present current research related to geospatial activities in the arctic environment. The meeting will focus on research findings during the International Polar Year, environment and climate change monitoring and geographic analysis, geospatial standards and their application, and the construction of virtual collaborative networks including Arctic mapping and the virtual Arctic Spatial Data Infrastructure (ASDI). The conference themes include virtual globes and geobrowsers; local and traditional knowledge; imagery, remote sensing, and sensor networks; and arctic mapping. For more information, visit <http://alaska.usgs.gov/science/geography/IPYG eoNorth/>.

#### WTO Events

An updated list of forthcoming WTO meetings is posted [http://www.wto.org/meets\\_public/meets\\_e.pdf](http://www.wto.org/meets_public/meets_e.pdf). Please bear in mind that dates and times of WTO meetings are often changed, and that the WTO does not always announce the important informal meetings of the different bodies. Unless otherwise

indicated, all WTO meetings are held at the WTO, Centre William Rappard, rue de Lausanne 154, 1211 Geneva, Switzerland, and are open to WTO Members and accredited observers only.

31 July: Dispute Settlement Body

#### Other upcoming events

10-12 August, New Delhi, India. THIRD RENEWABLE ENERGY INDIA 2009 EXPO. The Third Renewable Energy India 2009 Expo is India's largest event on Clean 'n' Green Energy featuring Bio, Hydro, Solar, Wind, Cogeneration, Geothermal and Energy efficiency sectors. Organised by Exhibitions India Private Limited, the expo will to provide information for Indian industries and offer opportunities for global players in the Indian market. The expo will bring together new technologies from around the world. Participants will meet other professionals, learn the latest technology trends, cultivate business relationships, and prepare for the growth of renewable energy in India. For registration information, visit [http://www.biztradeshows.com/tradefairquery.html?pid=vreg&compid=2qsMnw==&eve=9635&t=p&e\\_o\\_name=3rd%20Renewable%20Energy%20India%202009%20Expo&orgcompid=5981&ctry=IN](http://www.biztradeshows.com/tradefairquery.html?pid=vreg&compid=2qsMnw==&eve=9635&t=p&e_o_name=3rd%20Renewable%20Energy%20India%202009%20Expo&orgcompid=5981&ctry=IN).

16-22 August, Stockholm, Sweden. 2009 WORLD WATER WEEK. Organised by the Stockholm International Water Institute (SIWI), the 2009 edition of this annual event will focus on the theme: "Responding to Global Change: Accessing Water for the Common Good." This event will bring together experts, practitioners, decision makers and leaders from around the globe to exchange ideas, foster new thinking and develop solutions. By harnessing and linking best practices, scientific understanding, policy insight and decision-making, the program aims to transcend rhetoric and provide real answers to the world's water-related problems. This event features a comprehensive agenda of workshops, seminars and side events that undertake in-depth examinations of the most critical issues, complemented by prize ceremonies, field trips and events that provide an abundance of opportunities for the professional networking. For more

information, visit  
<http://www.worldwaterweek.org/>.

23-28 August, Nairobi, Kenya. SECOND WORLD CONGRESS ON AGROFORESTRY. The Second World Congress on Agroforestry will assess opportunities to leverage scientific agroforestry in promoting sustainable land use worldwide. The overall theme of the Congress is "Agroforestry - The Future of Global Land Use." Plenary, symposia, concurrent sessions, and poster sessions will be organised around three major topics: food security and livelihoods, conservation and rehabilitation of natural resources, and policies and institutions. The conference is organised by ICRAF-The World Agroforestry Centre, in collaboration with UNEP and the Institute of Food and Agricultural Sciences (IFAS) of the University of Florida. For more information, email [wca2...@cgiar.org](mailto:wca2...@cgiar.org) or visit <http://www.worldagroforestry.org/wca2009/>.

28-30 September, Geneva, Switzerland. WTO PUBLIC FORUM 2009. Under the heading "Global problems, global solutions: towards better global governance," the World Trade Organization (WTO) Public Forum 2009 will gather civil society representatives, governments and international organisations to discuss the role of the multilateral trading system and the Doha Round of negotiations within the context of the current global economic crisis. For more information, send an email to [publicforum2009@wto.org](mailto:publicforum2009@wto.org), or see the event's website [http://www.wto.org/english/forums\\_e/ngo\\_e/forum09\\_background\\_e.htm](http://www.wto.org/english/forums_e/ngo_e/forum09_background_e.htm)

free trade agreements (FTAs). It groups together regional agreements on the basis of shared characteristics, examines the extent to which various safeguard clauses have been used in practice, and makes a number of recommendations that policy-makers and negotiators could take into consideration when negotiating safeguard clauses in trade agreements. For a copy of the study, visit <http://ictsd.net/downloads/2009/07/safeguardweb.pdf>.

CONSTRUCTING A COMPOSITE INDEX OF MARKET ACCESS. Timothy Josling, Professor Emeritus, Freeman Spogli Institute for International Studies (FSI), Stanford University, June 2009. Trade barriers are often opaque and difficult to compare. All too often, an exporter faces costs well in excess of a simple tariff when seeking entry to a market. However, to date, there exist few tools to measure the changes in market access that will take place at the conclusion of the Doha Round, or those that may result from any other trade agreement. The Composite Index of Market Access (CIMA) has been conceived as a tool to help trade policy-makers and other stakeholders to address this challenge. This study provides a methodology and country study guide to illustrate the actual costs faced by exporters of selected tropical products when trying to penetrate markets of interest. While liberalisation through tariff reduction may partially achieve the aim of facilitating access for tropical products, the CIMA project highlights the fact that tariff reductions are only a part of the puzzle that trade policy has to solve. For a copy of the report, visit <http://ictsd.net/downloads/2009/07/timjosling10.pdf>.

NATURAL CATASTROPHE RISK INSURANCE MECHANISMS FOR ASIA AND THE PACIFIC. Asian Development Bank, 2009. This publication reviews the key issues and discussions that occurred during the Asian Development Bank (ADB) Conference on Natural Catastrophe Risk Insurance Mechanisms for Asia and the Pacific, held in Tokyo on 4–5 November 2008. The key finding of this report is that many opportunities exist for transferring natural disaster risk in Asia and the Pacific if addressed within a regional public-private partnership (PPP). That partnership must

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## Resources

COMPARING SAFEGUARD MEASURES IN REGIONAL AND BILATERAL AGREEMENTS. Paul Kruger, Willemien Denner and JB Cronje, Trade Law Centre for Southern Africa, June 2009. This study provides trade negotiators, policy-makers and other stakeholders with a clear, practical comparative analysis of the advantages and disadvantages of the various safeguard clauses included in bilateral and regional



necessarily include national governments, all regional development partners and institutions, and key private sector players, both global and local. The opportunities discussed in this report will largely remain opportunities unless obstacles and gaps in knowledge, research, and experience are bridged. A regional approach to bridging these gaps, involving all critical parties, represents the best chance to unlock the resources necessary to move the region forward to better disaster risk management (DRM). For a copy of the report, visit

<http://www.adb.org/Documents/Reports/Natural-Catastrophe-Risk-Insurance/Natural-Catastrophe-Risk-Insurance.pdf>.